

HOUSE OF REPRESENTATIVES LOCAL BILL STAFF ANALYSIS

BILL #: HB 1399 CS
SPONSOR(S): Davis
TIED BILLS:

North Naples Fire Control and Rescue District, Collier County
IDEN./SIM. BILLS: SB 2780

| REFERENCE | ACTION | ANALYST | STAFF DIRECTOR |
|---------------------------------------|-----------------------|----------------|-----------------------|
| 1) <u>Local Government Council</u> | <u>7 Y, 0 N, w/CS</u> | <u>Nelson</u> | <u>Hamby</u> |
| 2) <u>Finance & Tax Committee</u> | <u>5 Y, 0 N</u> | <u>Monroe</u> | <u>Diez-Arguelles</u> |
| 3) _____ | _____ | _____ | _____ |
| 4) _____ | _____ | _____ | _____ |
| 5) _____ | _____ | _____ | _____ |

SUMMARY ANALYSIS

The CS for HB 1399 amends the special act relating to the North Naples Fire Control and Rescue District in Collier County. The bill deletes current language in the act relating to annexation by the City of Naples, and provides that annexations within the boundaries of the district will be governed by general law. The bill also adds language to the charter which provides that the district has the authority to provide housing or housing assistance for its employees.

The bill provides an effective date of upon becoming law.

The bill has an indeterminate fiscal impact on district revenues and expenditures. Applying general law rather than current special law provisions to future annexations of district lands could positively affect the district's finances. Authorizing the district to provide housing or housing assistance for its employees could increase district expenditures.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. HOUSE PRINCIPLES ANALYSIS:

Provide limited government

This bill would allow an independent special fire control district to provide housing assistance to its employees.

Ensure lower taxes

This bill could necessitate higher taxes for district residents as a result of additional district expenditures to provide employee housing assistance.

Empower families

This bill may allow firefighters to live in closer proximity to their place of employment.

B. EFFECT OF PROPOSED CHANGES:

Present Situation

Municipal Annexation within Independent Special Districts

The purpose of s. 171.093, F.S., a provision within the "Municipal Annexation or Contraction Act, "is to provide an orderly transition of special district service responsibilities in an annexed area from an independent special district which levies ad valorem taxes to a municipality following the municipality's annexation of property located within the jurisdictional boundaries of an independent special district, if the municipality elects to assume such responsibilities."

The municipality may make such an election by adopting a resolution evidencing the election and forwarding the resolution to the office of the special district and the property appraiser and tax collector of the county in which the annexed property is located. In addition, the municipality may incorporate its election into the annexation ordinance.

Upon a municipality's election to assume the district's responsibilities, the municipality and the district may enter into an interlocal agreement addressing the orderly transfer of service responsibilities, real assets, equipment and personnel to the municipality. The agreement must address:

- allocation of responsibility for special district services;
- avoidance of double taxation of property owners for such services in the area of overlapping jurisdiction;
- prevention of loss of any district revenues which may be detrimental to the continued operations of the independent district;
- avoidance of impairment of existing district contracts;
- disposition of property and equipment of the independent district and any assumption of indebtedness for it;
- the status and employee rights of any adversely affected employees of the independent district; and
- any other matter reasonably related to the transfer of responsibilities.

If the municipality and the district are unable to enter into an interlocal agreement, the municipality is required to so advise the district and the property appraiser and tax collector of the county in which the annexed property is located. The district remains the service provider in the annexed area for a period of four years beginning October 1 of the calendar year immediately following the calendar year in which

the municipality declares its intent to assume service responsibilities in the annexed area. During the four-year period, the municipality is required to pay the district an amount equal to the ad valorem taxes or assessments that would have been collected had the property remained in the district.

By the end of the four-year period, or any mutually agreed upon extension, the municipality and the district are required to enter into an agreement that identifies the existing district property located in the municipality or primarily serving the municipality that will be assumed by the municipality, the fair market value of such property, and the manner of transfer of such property and any associated indebtedness. If the municipality and district are unable to agree to an equitable distribution of the district's property and indebtedness, the matter proceeds to circuit court. In equitably distributing the district's property and associated indebtedness, the taxes and other revenues paid the district by or on behalf of the residents of the annexed area are taken into consideration.

During the four-year period, or during any mutually agreed upon extension, district service and capital expenditures within the annexed area are required to be rationally related to the annexed area's service needs. Service and capital expenditures within the annexed area also must be rationally related to the percentage of district revenue received on behalf of the residents of the annexed area when compared to the district's total revenue. The district cannot make a capital expenditure greater than \$25,000 for use primarily within the annexed area without the express consent of the municipality.

If the municipality elects not to assume the district's responsibilities, the district remains the service provider in the annexed area. The geographical boundaries of the district continue to include the annexed area, and the district may continue to levy ad valorem taxes and assessments on the real property located within the annexed area. If the municipality elects to assume the district's responsibilities, the district's boundaries contract to exclude the annexed area at the time and in the manner provided in the agreement.

If the municipality elects to assume the district's responsibilities and the municipality and the district are unable to enter into an interlocal agreement, and the district continues to remain the service provider in the annexed area, the geographical boundaries of the district contract to exclude the annexed area on the effective date of the beginning of the four-year period.

Nothing in this section precludes the contraction of the boundary of any independent special district by a special act of the Legislature. The district may not levy ad valorem taxes or assessments on the annexed property in the calendar year in which its boundaries contract and subsequent years, but it may continue to collect and use all ad valorem taxes and assessments levied in prior years. Nothing in the section prohibits the district from assessing user charges and impact fees within the annexed area while it remains the service provider.

In addition to any other authority provided by law, the municipality is authorized to levy assessments on property located in an annexed area to offset all or a portion of the costs incurred by the municipality in assuming district responsibilities. Such assessments may be collected pursuant to and in accordance with applicable law.

These provisions do not apply to districts created pursuant to chs. 190 (community development districts) or 373 (water management districts), F.S.

North Naples Fire Control and Rescue District

Chapter 99-450, L.O.F. is the special act which codified the special laws relating to the North Naples Fire Control and Rescue District in Collier County (ch. 61-2032, L.O.F.; ch. 75-359, L.O.F.; ch. 76-349, L.O.F.; ch. 77-532, L.O.F.; ch. 77-533, L.O.F.; ch. 78-493, L.O.F.; ch. 80-488, L.O.F.; ch. 80-491, L.O.F.; ch. 82-283, L.O.F.; ch. 83-390, L.O.F.; ch. 84-416, L.O.F.; s. 1 of ch. 88-519, L.O.F.; ch. 89-448, L.O.F.; ch. 89-455, L.O.F.; ss.1 and 3 of ch. 91-375, L.O.F.; ch. 96-512, L.O.F.; and all references to

the North Naples Fire Control and Rescue District contained in ch. 98-489, L.O.F. The act has not been amended since 1999.

Section 3 of Art. III of this act currently provides that if property in the North Naples Fire Control and Rescue District is annexed by the City of Naples between January 1 and July 1 of any year, the property will be regarded as removed from the district as of January 1 of that year for the purpose of the levy of general ad valorem taxes by the district. If annexation occurs after July 1, the property is assessed by the district for ad valorem taxes for that year.

On and after the effective date of annexation, the district is relieved of providing fire service to the annexed area. The city and the district may reach an agreement to determine what portion, if any, of the existing indebtedness or property of the district shall be assumed by the city, the fair value of such indebtedness or property, and the manner of transfer and financing. The annexed property is not relieved from the payment of general obligation debt service incurred by the district before annexation. This language was added by ch. 89-44, L.O.F.

Effect of Proposed Changes

The CS for HB 1399 amends section 3 of Art. III of s. 3 of ch. 99-450, L.O.F, to remove current provisions regarding annexation by the City of Naples within the district. The new language provides that the general law requirements of s.171.093, F.S., apply to annexations by a municipality within district boundaries.

The bill also adds language to the district's charter which provides that the district has the authority to provide housing or housing assistance for its employees. There are no guidelines or restrictions regarding this matter contained in the bill.¹ The bill recognizes that the "dramatically increasing housing costs in Collier County" may have a detrimental impact on the district's ability to hire and retain personnel needed for the provision of fire protection services to district residents.

As an independent special fire control district, the North Naples Fire Control and Rescue District is required to comply with ch. 191, F.S., the "Independent Special Fire Control District Act." This act supersedes all special acts which address the same subjects except as such acts address district boundaries for the election of members of the governing board.² At s. 191.006, F.S., the act provides certain general powers, and s. 191.008, F.S., provides several special powers, none of which appear to conflict with the proposed charter power to provide housing assistance. In fact, s. 191.008(2), F.S., provides these districts with the authority to provide the "compensation and other conditions of employment of the officers and employees of the district...."

The act provides an effective date of upon becoming law.

C. SECTION DIRECTORY:

Section 1: Amends section 3 of Art. III of s. 3 of ch. 99-450, L.O.F.

Section 2: Amends section 1 of Art. IV of s. 3 of ch. 99-450, L.O.F.

Section 3: Provides an effective date.

¹ The District Board of Fire Commissioners of the North Naples Fire Control and Rescue District passed a resolution on March 9, 2006, which amended their General Fund Budget for 2005-2006 to reduce the Undesignated Reserve by \$1,000,000 to create a Designated Reserve for Affordable Workforce Housing in the amount of \$1,000,000. While the board has not outlined program specifics, they have articulated a goal of assuring that firefighters serving the district can live in the community.

² See, s. 191.004, F.S.

II. NOTICE/REFERENDUM AND OTHER REQUIREMENTS

A. NOTICE PUBLISHED? Yes No

IF YES, WHEN? January 20, 2006

WHERE? The *Naples Daily News*, a newspaper published in Collier County, Florida.

B. REFERENDUM(S) REQUIRED? Yes No

IF YES, WHEN?

C. LOCAL BILL CERTIFICATION FILED? Yes, attached No

D. ECONOMIC IMPACT STATEMENT FILED? Yes, attached No

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

IV. AMENDMENTS/COMMITTEE SUBSTITUTE & COMBINED BILL CHANGES

At its meeting on March 29, 2006, the Local Government Council adopted a strike-all amendment which:

- removed all language referring to annexation within the charter of the North Naples Fire Control and Rescue District, and added a statement affirming that s. 171.093, F.S. applies to annexations by a municipality within the boundaries of the district.
- provided that the district has the authority to provide housing or housing assistance for its employed personnel.